

COMMITTEE REPORT

MADAM PRESIDENT:

The Senate Committee on Tax and Fiscal Policy, to which was referred House Bill No. 1835, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Page 1, between the enacting clause and line 1, begin a new
- 2 paragraph and insert:
- 3 "SECTION 1. IC 4-22-2-37.1, AS AMENDED BY P.L.47-2006,
- 4 SECTION 2, AS AMENDED BY P.L.91-2006, SECTION 2, AND AS
- 5 AMENDED BY P.L.123-2006, SECTION 12, IS CORRECTED AND
- 6 AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON
- 7 PASSAGE]: Sec. 37.1. (a) This section applies to a rulemaking action
- 8 resulting in any of the following rules:
- 9 (1) An order adopted by the commissioner of the Indiana
- 10 department of transportation under IC 9-20-1-3(d) or
- 11 IC 9-21-4-7(a) and designated by the commissioner as an
- 12 emergency rule.
- 13 (2) An action taken by the director of the department of natural
- 14 resources under IC 14-22-2-6(d) or IC 14-22-6-13.
- 15 (3) An emergency temporary standard adopted by the
- 16 occupational safety standards commission under
- 17 IC 22-8-1.1-16.1.
- 18 (4) An emergency rule adopted by the solid waste management
- 19 board under IC 13-22-2-3 and classifying a waste as hazardous.
- 20 (5) A rule, other than a rule described in subdivision (6), adopted

- 1 by the department of financial institutions under IC 24-4.5-6-107
 2 and declared necessary to meet an emergency.
- 3 (6) A rule required under IC 24-4.5-1-106 that is adopted by the
 4 department of financial institutions and declared necessary to
 5 meet an emergency under IC 24-4.5-6-107.
- 6 (7) A rule adopted by the Indiana utility regulatory commission to
 7 address an emergency under IC 8-1-2-113.
- 8 (8) An emergency rule adopted by the state lottery commission
 9 under IC 4-30-3-9.
- 10 (9) A rule adopted under IC 16-19-3-5 that the executive board of
 11 the state department of health declares is necessary to meet an
 12 emergency.
- 13 (10) An emergency rule adopted by the Indiana finance authority
 14 under IC 8-21-12.
- 15 (11) An emergency rule adopted by the insurance commissioner
 16 under IC 27-1-23-7.
- 17 (12) An emergency rule adopted by the Indiana horse racing
 18 commission under IC 4-31-3-9.
- 19 (13) An emergency rule adopted by the air pollution control
 20 board, the solid waste management board, or the water pollution
 21 control board under IC 13-15-4-10(4) or to comply with a
 22 deadline required by federal law, provided:
- 23 (A) the variance procedures are included in the rules; and
 24 (B) permits or licenses granted during the period the
 25 emergency rule is in effect are reviewed after the emergency
 26 rule expires.
- 27 (14) An emergency rule adopted by the Indiana election
 28 commission under IC 3-6-4.1-14.
- 29 (15) An emergency rule adopted by the department of natural
 30 resources under IC 14-10-2-5.
- 31 (16) An emergency rule adopted by the Indiana gaming
 32 commission under *IC 4-32.2-3-3(b)*, IC 4-33-4-2, IC 4-33-4-3, ~~or~~
 33 **IC 4-33-4-14, or IC 4-35-4-2.**
- 34 (17) An emergency rule adopted by the alcohol and tobacco
 35 commission under IC 7.1-3-17.5, IC 7.1-3-17.7, or
 36 IC 7.1-3-20-24.4.
- 37 (18) An emergency rule adopted by the department of financial
 38 institutions under IC 28-15-11.

- 1 (19) An emergency rule adopted by the office of the secretary of
- 2 family and social services under IC 12-8-1-12.
- 3 (20) An emergency rule adopted by the office of the children's
- 4 health insurance program under IC 12-17.6-2-11.
- 5 (21) An emergency rule adopted by the office of Medicaid policy
- 6 and planning under IC 12-15-41-15.
- 7 (22) An emergency rule adopted by the Indiana state board of
- 8 animal health under IC 15-2.1-18-21.
- 9 (23) An emergency rule adopted by the board of directors of the
- 10 Indiana education savings authority under IC 21-9-4-7.
- 11 (24) An emergency rule adopted by the Indiana board of tax
- 12 review under IC 6-1.1-4-34 **(repealed)**.
- 13 (25) An emergency rule adopted by the department of local
- 14 government finance under IC 6-1.1-4-33 **(repealed)**.
- 15 (26) An emergency rule adopted by the boiler and pressure vessel
- 16 rules board under IC 22-13-2-8(c).
- 17 (27) An emergency rule adopted by the Indiana board of tax
- 18 review under IC 6-1.1-4-37(l) **(repealed)** or an emergency rule
- 19 adopted by the department of local government finance under
- 20 IC 6-1.1-4-36(j) **(repealed)** or IC 6-1.1-22.5-20.
- 21 (28) An emergency rule adopted by the board of the Indiana
- 22 economic development corporation under IC 5-28-5-8.
- 23 (29) A rule adopted by the department of financial institutions
- 24 under IC 34-55-10-2.5.
- 25 (30) *A rule adopted by the Indiana finance authority:*
- 26 *(A) under IC 8-15.5-7 approving user fees (as defined in*
- 27 *IC 8-15.5-2-10) provided for in a public-private agreement*
- 28 *under IC 8-15.5;*
- 29 *(B) under IC 8-15-2-17.2(a)(10):*
- 30 *(i) establishing enforcement procedures; and*
- 31 *(ii) making assessments for failure to pay required tolls;*
- 32 *(C) under IC 8-15-2-14(a)(3) authorizing the use of and*
- 33 *establishing procedures for the implementation of the*
- 34 *collection of user fees by electronic or other nonmanual*
- 35 *means; or*
- 36 *(D) to make other changes to existing rules related to a toll*
- 37 *road project to accommodate the provisions of a*
- 38 *public-private agreement under IC 8-15.5.*

(b) The following do not apply to rules described in subsection (a):

(1) Sections 24 through 36 of this chapter.

(2) IC 13-14-9.

(c) After a rule described in subsection (a) has been adopted by the agency, the agency shall submit the rule to the publisher for the assignment of a document control number. The agency shall submit the rule in the form required by section 20 of this chapter and with the documents required by section 21 of this chapter. The publisher shall determine the ~~number of copies~~ format of the rule and other documents to be submitted under this subsection.

(d) After the document control number has been assigned, the agency shall submit the rule to the ~~secretary of state~~ publisher for filing. The agency shall submit the rule in the form required by section 20 of this chapter and with the documents required by section 21 of this chapter. The ~~secretary of state~~ publisher shall determine the ~~number of copies~~ format of the rule and other documents to be submitted under this subsection.

(e) Subject to section 39 of this chapter, the ~~secretary of state~~ publisher shall:

(1) accept the rule for filing; and

(2) ~~file stamp and indicate electronically record~~ the date and time that the rule is accepted. ~~on every duplicate original copy submitted.~~

(f) A rule described in subsection (a) takes effect on the latest of the following dates:

(1) The effective date of the statute delegating authority to the agency to adopt the rule.

(2) The date and time that the rule is accepted for filing under subsection (e).

(3) The effective date stated by the adopting agency in the rule.

(4) The date of compliance with every requirement established by law as a prerequisite to the adoption or effectiveness of the rule.

(g) Subject to subsection (h), IC 14-10-2-5, IC 14-22-2-6, IC 22-8-1.1-16.1, and IC 22-13-2-8(c), and except as provided in subsections (j), ~~and~~ (k), ~~and~~ (l), a rule adopted under this section expires not later than ninety (90) days after the rule is accepted for filing under subsection (e). Except for a rule adopted under subsection (a)(13), (a)(24), (a)(25), or (a)(27), the rule may be extended by

adopting another rule under this section, but only for one (1) extension period. The extension period for a rule adopted under subsection (a)(28) may not exceed the period for which the original rule was in effect. A rule adopted under subsection (a)(13) may be extended for two (2) extension periods. Subject to subsection (j), a rule adopted under subsection (a)(24), (a)(25), or (a)(27) may be extended for an unlimited number of extension periods. Except for a rule adopted under subsection (a)(13), for a rule adopted under this section to be effective after one (1) extension period, the rule must be adopted under:

(1) sections 24 through 36 of this chapter; or

(2) IC 13-14-9;

as applicable.

(h) A rule described in subsection (a)(6), (a)(8), (a)(12), or (a)(29) expires on the earlier of the following dates:

(1) The expiration date stated by the adopting agency in the rule.

(2) The date that the rule is amended or repealed by a later rule adopted under sections 24 through 36 of this chapter or this section.

(i) This section may not be used to readopt a rule under IC 4-22-2.5.

(j) A rule described in subsection (a)(24) or (a)(25) expires not later than January 1, 2006.

(k) A rule described in subsection (a)(28) expires on the expiration date stated by the board of the Indiana economic development corporation in the rule.

(l) A rule described in subsection (a)(30) expires on the expiration date stated by the Indiana finance authority in the rule."

Page 1, line 7, after "a" delete "slot" and insert "**type of electronic gaming device**".

Page 1, line 8, delete "machine".

Page 2, line 21, delete "An ordinance adopted by the county fiscal body".

Page 2, delete lines 22 through 23, begin a new paragraph and insert:

"(d) A person may not operate slot machines in a county under IC 4-35 unless the county fiscal body has adopted an ordinance permitting the operation of slot machines under IC 4-35 in the county."

Page 2, line 41, reset in roman "and".

- 1 Page 2, line 41, after "and" insert "**(if the commission adopts a rule**
- 2 **under subsection (c))**".
- 3 Page 2, line 41, reset in roman "the number".
- 4 Page 3, line 3, delete "The" and insert "**Except as provided in**
- 5 **subsection (c), the**".
- 6 Page 3, line 3, delete "sixty" and "**forty**".
- 7 Page 3, line 4, delete "(160)" and insert "**(140)**".
- 8 Page 3, line 6, delete "One hundred (100)" and insert "**Ninety (90)**".
- 9 Page 3, line 8, delete "Sixty (60)" and insert "**Fifty (50)**".
- 10 Page 3, between lines 16 and 17, begin a new paragraph and insert:
- 11 "**(c) The commission may by rule adjust any of the following:**
- 12 **(1) The total required number of live racing days under**
- 13 **subsection (b).**
- 14 **(2) The number of live racing days required under subsection**
- 15 **(b)(1).**
- 16 **(3) The number of live racing days required under subsection**
- 17 **(b)(2).**".
- 18 Page 3, line 23, delete "Subject to subsection (c), the" and insert
- 19 "The".
- 20 Page 4, delete lines 27 through 29.
- 21 Page 5, between lines 28 and 29, begin a new paragraph and insert:
- 22 "SECTION 11. IC 4-33-1-1 IS AMENDED TO READ AS
- 23 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. This article applies
- 24 only to the following:
- 25 (1) Counties contiguous to Lake Michigan.
- 26 (2) ~~Counties~~ **A county that is:**
- 27 **(A) contiguous to the Ohio River; and**
- 28 **(B) described in IC 4-33-6-1(a)(5).**
- 29 (3) A county that contains a historic hotel district.
- 30 SECTION 12. IC 4-33-2-17 IS AMENDED TO READ AS
- 31 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 17. "Riverboat" means
- 32 either of the following on which lawful gambling is authorized under
- 33 this article:
- 34 (1) A ~~self-propelled excursion boat vessel~~ located in a county
- 35 described in IC 4-33-1-1(1) or IC 4-33-1-1(2) that complies with
- 36 IC 4-33-6-6(a).
- 37 (2) A vessel located in a historic hotel district.
- 38 **A riverboat is not required to be self-propelled or otherwise have**

1 **a functioning motor."**

2 Page 5, between lines 33 and 34, begin a new paragraph and insert:

3 "SECTION 14. IC 4-33-6-1 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The commission
5 may issue to a person a license to own a riverboat subject to the
6 numerical and geographical limitation of owner's licenses under this
7 section, section 3.5 of this chapter, and IC 4-33-4-17. However, not
8 more than ten (10) owner's licenses may be in effect at any time.
9 Except as provided in subsection (b), those ten (10) licenses are as
10 follows:

11 (1) Two (2) licenses for a riverboat that operates from the largest
12 city located in the counties described under IC 4-33-1-1(1).

13 (2) One (1) license for a riverboat that operates from the second
14 largest city located in the counties described under
15 IC 4-33-1-1(1).

16 (3) One (1) license for a riverboat that operates from the third
17 largest city located in the counties described under
18 IC 4-33-1-1(1).

19 (4) One (1) license for a city located in the counties described
20 under IC 4-33-1-1(1). This license may not be issued to a city
21 described in subdivisions (1) through (3).

22 (5) A total of five (5) licenses for riverboats that operate upon the
23 Ohio River from **the following** counties: ~~described under~~
24 ~~IC 4-33-1-1(2).~~

25 **(A) Vanderburgh County.**

26 **(B) Harrison County.**

27 **(C) Switzerland County.**

28 **(D) Ohio County.**

29 **(E) Dearborn County.**

30 The commission may not issue a license to an applicant if the
31 issuance of the license would result in more than one (1) riverboat
32 operating from a county described in ~~IC 4-33-1-1(2)~~. **this**
33 **subdivision.**

34 (b) If a city described in subsection (a)(2) or (a)(3) conducts two (2)
35 elections under section 20 of this chapter, and the voters of the city do
36 not vote in favor of permitting riverboat gambling at either of those
37 elections, the license assigned to that city under subsection (a)(2) or
38 (a)(3) may be issued to any city that:

- 1 (1) does not already have a riverboat operating from the city; and
 2 (2) is located in a county described in IC 4-33-1-1(1).

3 (c) In addition to its power to issue owner's licenses under
 4 subsection (a), the commission may also enter into a contract under
 5 IC 4-33-6.5 with respect to the operation of one (1) riverboat on behalf
 6 of the commission in a historic hotel district.

7 **(d) A person holding an owner's license may not move the**
 8 **person's riverboat from the location at which the riverboat was**
 9 **docked on January 1, 2007, to any other location.**

10 SECTION 15. IC 4-33-6-6, AS AMENDED BY P.L.170-2005,
 11 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JULY 1, 2007]: Sec. 6. (a) A riverboat that operates in a county
 13 described in IC 4-33-1-1(1) or IC 4-33-1-1(2) must:

- 14 (1) have either:
 15 (A) a valid certificate of inspection from the United States
 16 Coast Guard for the carrying of at least five hundred (500)
 17 passengers; or
 18 (B) a valid certificate of compliance with marine structural and
 19 life safety standards determined by the commission; and
 20 (2) be at least one hundred fifty (150) feet in length.

21 **However, a riverboat is not required to be self-propelled or**
 22 **otherwise have a functioning motor.**

23 (b) This subsection applies only to a riverboat that operates on the
 24 Ohio River. A riverboat must replicate, as nearly as possible, historic
 25 Indiana steamboat passenger vessels of the nineteenth century.
 26 However, steam propulsion or overnight lodging facilities are not
 27 required under this subsection.

28 SECTION 16. IC 4-33-12-1 IS AMENDED TO READ AS
 29 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) This subsection
 30 does not apply to a riverboat that has implemented flexible scheduling
 31 under IC 4-33-6-21. A tax is imposed on admissions to gambling
 32 excursions authorized under this article at a rate of three dollars (\$3)
 33 for each person admitted to the gambling excursion. This admission tax
 34 is imposed upon the licensed owner conducting the gambling
 35 excursion.

36 (b) This subsection applies only to a riverboat that has implemented
 37 flexible scheduling under IC 4-33-6-21 or IC 4-33-6.5. A tax is
 38 imposed on the admissions to a riverboat that has implemented flexible

- 1 scheduling under IC 4-33-6-21 or IC 4-33-6.5 at the following rate:
- 2 (1) Four dollars (\$4) for each person admitted to a riverboat that
- 3 docks in a county described in IC 4-33-1-1(3). This admission tax
- 4 is imposed upon the operating agent of the riverboat.
- 5 (2) Three dollars (\$3) for each person admitted to a riverboat that
- 6 docks in any other county. This admission tax is imposed upon
- 7 the licensed owner operating the riverboat.
- 8 **(c) The commission may by rule determine the point at which a**
- 9 **person is considered to be:**
- 10 **(1) admitted to a gambling excursion, in the case of a**
- 11 **riverboat subject to subsection (a); or**
- 12 **(2) admitted to a riverboat, in the case of a riverboat subject**
- 13 **to subsection (b);**
- 14 **for purposes of collecting the admissions tax under this chapter."**
- 15 Page 13, line 4, delete "Indiana health insurance fund established by
- 16 IC 4-35-8-8" and insert "**state general fund**".
- 17 Page 13, line 13, delete "Indiana health insurance fund established
- 18 by IC 4-35-8-8" and insert "**state general fund**".
- 19 Page 13, delete lines 15 through 36.
- 20 Page 17, line 2, delete "or a racetrack that offers slot machine
- 21 wagering".
- 22 Page 17, line 3, delete "under IC 4-35".
- 23 Page 17, line 4, after "riverboat" insert ".".
- 24 Page 17, line 4, delete "or a".
- 25 Page 17, line 5, delete "racetrack that offers slot machine wagering
- 26 under IC 4-35".
- 27 Page 20, line 22, after "fee." insert "**This section does not prohibit**
- 28 **the assessment and levying of property taxes otherwise authorized**
- 29 **by law or the imposing of a special assessment (including a ditch or**
- 30 **drainage assessment, Barrett Law assessment, improvement**
- 31 **assessment, sewer assessment, or sewage assessment) otherwise**
- 32 **authorized by law to be imposed on property to be benefited by an**
- 33 **improvement."**
- 34 Page 20, line 29, after "Sec. 1." insert "**(a)**".
- 35 Page 20, between lines 30 and 31, begin a new paragraph and insert:
- 36 **"(b) The commission has the following powers and duties for the**
- 37 **purpose of administering, regulating, and enforcing the system of**
- 38 **gambling games at racetracks authorized under this article:**

- 1 **(1) All powers and duties specified in this article.**
- 2 **(2) All powers necessary and proper to fully and effectively**
- 3 **execute this article.**
- 4 **(3) Jurisdiction and supervision over the following:**
 - 5 **(A) All gambling game operations in Indiana.**
 - 6 **(B) All persons at racetracks where gambling games are**
 - 7 **conducted.**
- 8 **(4) The power to investigate and reinvestigate applicants and**
- 9 **license holders and determine the eligibility of applicants for**
- 10 **licenses.**
- 11 **(5) The power to take appropriate administrative enforcement**
- 12 **or disciplinary action against a licensee.**
- 13 **(6) The power to investigate alleged violations of this article.**
- 14 **(7) The power to conduct hearings.**
- 15 **(8) The power to issue subpoenas for the attendance of**
- 16 **witnesses and subpoenas duces tecum for the production of**
- 17 **books, records, and other relevant documents.**
- 18 **(9) The power to administer oaths and affirmations to the**
- 19 **witnesses.**
- 20 **(10) The power to prescribe the form to be used by licensees.**
- 21 **(11) The power to revoke, suspend, or renew licenses issued**
- 22 **under this article.**
- 23 **(12) The power to hire employees to gather information,**
- 24 **conduct investigations, and carry out other tasks under this**
- 25 **article.**
- 26 **(13) The power to take any reasonable or appropriate action**
- 27 **to enforce this article."**

28 Page 20, line 31, after "Sec. 2." insert "(a)".

29 Page 21, between lines 4 and 5, begin a new line block indented and
30 insert:

- 31 **"(6) Adopt emergency rules under IC 4-22-2-37.1 if the**
- 32 **commission determines that:**
 - 33 **(A) the need for a rule is so immediate and substantial that**
 - 34 **rulemaking procedures under IC 4-22-2-13 through**
 - 35 **IC 4-22-2-36 are inadequate to address the need; and**
 - 36 **(B) an emergency rule is likely to address the need.**
- 37 **(7) Adopt rules to establish and implement a voluntary**
- 38 **exclusion program that meets the requirements of subsection**

1 (c).

2 (b) The commission shall begin rulemaking procedures under
3 IC 4-22-2-13 through IC 4-22-2-36 to adopt an emergency rule
4 adopted under subsection (a)(6) not later than thirty (30) days after
5 the adoption of the emergency rule under subsection (a)(6).

6 (c) Rules adopted under subsection (a)(7) must provide the
7 following:

8 (1) Except as provided by rule of the commission, a person
9 who participates in the voluntary exclusion program agrees
10 to refrain from entering a facility at which gambling games
11 are conducted or another facility under the jurisdiction of the
12 commission.

13 (2) That the name of a person participating in the program
14 will be included on a list of persons excluded from all facilities
15 under the jurisdiction of the commission.

16 (3) Except as provided by rule of the commission, a person
17 who participates in the voluntary exclusion program may not
18 petition the commission for readmittance to a facility under
19 the jurisdiction of the commission.

20 (4) That the list of patrons entering the voluntary exclusion
21 program and the personal information of the participants are
22 confidential and may only be disseminated by the commission
23 to the owner or operator of a facility under the jurisdiction of
24 the commission for purposes of enforcement and to other
25 entities, upon request by the participant and agreement by the
26 commission.

27 (5) That an owner of a facility under the jurisdiction of the
28 commission shall make all reasonable attempts as determined
29 by the commission to cease all direct marketing efforts to a
30 person participating in the program.

31 (6) That an owner of a facility under the jurisdiction of the
32 commission may not cash the check of a person participating
33 in the program or extend credit to the person in any manner.
34 However, the voluntary exclusion program does not preclude
35 an owner from seeking the payment of a debt accrued by a
36 person before entering the program."

37 Page 21, between lines 38 and 39, begin a new paragraph and insert:
38 "Sec. 7. The commission shall adopt standards for the licensing

1 of the following:

2 (1) Persons regulated under this article.

3 (2) Slot machines used in gambling games.

4 Sec. 8. The commission shall require that the records, including
5 financial statements, of a licensee must be maintained in the
6 manner prescribed by the commission.

7 Sec. 9. (a) The commission may eject or exclude or authorize the
8 ejection or exclusion of a person from a facility at which gambling
9 games are conducted if:

10 (1) the person's name is on the list of persons voluntarily
11 excluding themselves from all facilities at which gambling
12 games are conducted in a program established under the rules
13 of the commission;

14 (2) the person violates this article; or

15 (3) the commission determines that the person's conduct or
16 reputation is such that the person's presence within a facility
17 at which gambling games are conducted may:

18 (A) call into question the honesty and integrity of the
19 gambling operations; or

20 (B) interfere with the orderly conduct of the gambling
21 operations.

22 (b) A person, other than a person participating in a voluntary
23 exclusion program, may petition the commission for a hearing on
24 the person's ejection or exclusion under this section.

25 Sec. 10. If a licensee or an employee of a licensee violates this
26 article or engages in a fraudulent act, the commission may do any
27 combination of the following:

28 (1) Suspend, revoke, or restrict the license of the licensee.

29 (2) Require the removal of a licensee or an employee of a
30 licensee.

31 (3) Impose a civil penalty of not more than the greater of:

32 (A) ten thousand dollars (\$10,000); or

33 (B) an amount equal to the licensee's daily gross receipts
34 for the day of the violation;

35 against a licensee for each violation of this article.

36 (4) Impose a civil penalty of not more than twenty-five
37 thousand dollars (\$25,000) against a person who has been
38 issued a supplier's license for each violation of this article.

1 **Sec. 11. (a) The commission shall review and make a**
 2 **determination on a complaint by a licensee concerning an**
 3 **investigative procedure that the licensee alleges is unnecessarily**
 4 **disruptive of slot machine gambling operations.**

5 **(b) A licensee filing a complaint under this section must prove**
 6 **all of the following by clear and convincing evidence:**

7 **(1) The investigative procedure had no reasonable law**
 8 **enforcement purpose.**

9 **(2) The investigative procedure was so disruptive as to**
 10 **unreasonably inhibit slot machine gambling operations.**

11 **(c) For purposes of this section, the need to inspect and**
 12 **investigate a licensee shall be presumed at all times.**

13 **Sec. 12. (a) The commission shall require a licensee to**
 14 **conspicuously display the number of the toll free telephone line**
 15 **described in IC 4-33-12-6 in the following locations:**

16 **(1) On each admission ticket to a facility at which gambling**
 17 **games are conducted, if tickets are issued.**

18 **(2) On a poster or placard that is on display in a public area**
 19 **of each facility at which slot machine gambling operations are**
 20 **conducted.**

21 **(b) The commission may adopt rules under IC 4-22-2 necessary**
 22 **to carry out this section."**

23 Page 22, line 2, after "Sec. 2." insert "(a)".

24 Page 22, between lines 5 and 6, begin a new paragraph and insert:

25 **"(b) Before the commission may issue a license to a person**
 26 **under this chapter, the person must submit to the commission for**
 27 **the commission's approval the physical layout of the person's**
 28 **proposed slot machines and the facilities that will contain the**
 29 **proposed slot machines. The facilities that will contain the slot**
 30 **machines must be connected to the licensee's racetrack facilities.**

31 **Sec. 2.5. The commission may not issue a license under this**
 32 **chapter to a person if:**

33 **(1) the person has been convicted of a felony under Indiana**
 34 **law, the laws of any other state, or the laws of the United**
 35 **States;**

36 **(2) the person has knowingly or intentionally submitted an**
 37 **application for a license under this chapter that contains false**
 38 **information;**

- 1 **(3) the person is a member of the commission;**
- 2 **(4) the person is an officer, a director, or a managerial**
- 3 **employee of a person described in subdivision (1) or (2);**
- 4 **(5) the person employs an individual who:**
 - 5 **(A) is described in subdivision (1), (2), or (3); and**
 - 6 **(B) participates in the management or operation of**
 - 7 **gambling games authorized under this article; or**
- 8 **(6) a license issued to the person:**
 - 9 **(A) under this article; or**
 - 10 **(B) to own or operate gambling facilities in another**
 - 11 **jurisdiction;**
 - 12 **has been revoked."**

13 Page 22, line 6, after "3." insert **"(a)"**.

14 Page 22, line 7, delete "one" and insert **"four"**.

15 Page 22, line 8, delete "(\$100,000,000)" and insert

16 **"(\$400,000,000)".**

17 Page 22, between lines 9 and 10, begin a new paragraph and insert:

18 **"(b) The commission shall deposit the first one hundred million**

19 **dollars (\$100,000,000) of any initial licensing fees collected under**

20 **this section into the property tax replacement fund. After one**

21 **hundred million dollars (\$100,000,000) has been deposited into the**

22 **property tax replacement fund under this section, the commission**

23 **shall deposit the next one hundred million dollars (\$100,000,000)**

24 **of any initial licensing fees collected under this section into the**

25 **state general fund. After one hundred million dollars**

26 **(\$100,000,000) has been deposited into the property tax**

27 **replacement fund and one hundred million dollars (\$100,000,000)**

28 **has been deposited into the state general fund under this section,**

29 **the commission shall deposit the balance of any remaining initial**

30 **licensing fees collected under this section into the Indiana life**

31 **sciences fund established by IC 5-28-28-6.**

32 **(c) If one hundred million dollars (\$100,000,000) has been**

33 **deposited in the property tax replacement fund under this section,**

34 **the property tax replacement fund board shall calculate and apply**

35 **an additional homestead credit of one hundred million dollars**

36 **(\$100,000,000) for property taxes first due and payable in 2007.**

37 **The additional homestead credit shall be applied to the fall**

38 **installment of property taxes first due and payable in 2007. The**

1 department of local government finance and the property tax
 2 replacement fund board shall take the actions necessary to apply
 3 the credit. If a taxpayer pays more property taxes first due and
 4 payable in 2007 than are required after application of the
 5 additional homestead credit under this section, the overpayment
 6 shall be refunded to the taxpayer or credited against the taxpayer's
 7 spring installment for property taxes first due and payable in 2008,
 8 as determined by the department of local government finance.".

9 Page 22, line 14, delete "five thousand" and insert **"one hundred**
 10 **dollars (\$100) per slot machine operated by the licensee; and"**.

11 Page 22, delete line 15.

12 Page 22, between lines 17 and 18, begin a new line blocked left and
 13 insert:

14 **"Renewal fees paid under this section shall be deposited in the state**
 15 **general fund."**.

16 Page 22, line 19, after "years" insert ".".

17 Page 22, between lines 19 and 20, begin a new paragraph and insert:

18 **"Sec. 4.5. A license issued under this article is null and void if the**
 19 **licensee permanently ends horse racing at the racetrack at which**
 20 **the licensee's slot machines are installed."**.

21 Page 23, line 18, delete "one" and insert **"four"**.

22 Page 23, line 18, delete "(\$100,000,000)." and insert
 23 **"(\$400,000,000)."**.

24 Page 23, line 19, delete "The" and insert **"Except as otherwise**
 25 **provided in this chapter, the"**.

26 Page 26, delete lines 19 through 28, begin a new paragraph and
 27 insert:

28 **"Sec. 9. (a) A patron may make a slot machine wager at a**
 29 **racetrack only by means of:**

30 (1) a token or an electronic card purchased from a licensee at
 31 the licensee's racetrack; or

32 (2) money or other negotiable currency.

33 (b) A token or an electronic card may be purchased by means
 34 of an agreement under which a licensee extends credit to the
 35 patron.

36 (c) All winnings and payoffs from a slot machine at a racetrack:

37 (1) shall be made in tokens, electronic cards, paper tickets, or
 38 other evidence of winnings and payoffs approved by the

- 1 **commission; and**
- 2 **(2) may not be made in money or other negotiable currency."**
- 3 Page 26, line 29, delete "Sec. 11." and insert "**Sec. 10.**".
- 4 Page 26, line 33, delete "Sec. 12. (a)" and insert "**Sec. 11.**".
- 5 Page 26, line 33, delete "initially".
- 6 Page 26, line 33, delete "two" and insert "**one**".
- 7 Page 26, line 34, delete "(2,500)" and insert "**(1,500)**".
- 8 Page 26, delete lines 36 through 38.
- 9 Page 26, line 39, delete "Sec. 13." and insert "**Sec. 12.**".
- 10 Page 26, delete lines 41 through 42, begin a new paragraph and
- 11 insert:
- 12 **"(b) In each state fiscal year beginning after June 30, 2009, a**
- 13 **licensee shall before the fifteenth day of each month devote to**
- 14 **horse racing purses an amount equal to fifteen percent (15%) of**
- 15 **the adjusted gross receipts of the slot machine wagering from the**
- 16 **previous month at the licensee's racetrack. The commission may**
- 17 **not use any of this money for any administrative purpose or other**
- 18 **purpose of the commission, and the entire amount of the money**
- 19 **shall be distributed as provided in this section. A licensee shall**
- 20 **distribute the money devoted to horse racing purses under this**
- 21 **subsection as follows:**
- 22 **(1) Five-tenths percent (0.5%) shall be transferred to**
- 23 **horsemen's associations for equine promotion or welfare**
- 24 **according to the ratios specified in subsection (e).**
- 25 **(2) Two and five-tenths percent (2.5%) shall be transferred to**
- 26 **horsemen's associations for backside benevolence according**
- 27 **to the ratios specified in subsection (e).**
- 28 **(3) Ninety-seven percent (97%) shall be distributed to**
- 29 **promote horses and horse racing as provided in subsection**
- 30 **(d).**
- 31 **(c) A horsemen's association shall expend the amounts**
- 32 **distributed to the horsemen's association under subsection (b)(1)**
- 33 **through (b)(2) for a purpose promoting the equine industry or**
- 34 **equine welfare or for a benevolent purpose that the horsemen's**
- 35 **association determines is in the best interests of horse racing in**
- 36 **Indiana for the breed represented by the horsemen's association.**
- 37 **(d) A licensee shall distribute the amounts described in**
- 38 **subsection (b)(3) as follows:**

(1) Forty-six percent (46%) for thoroughbred purposes as follows:

(A) Sixty percent (60%) for the following purposes:

(i) Ninety-seven percent (97%) for thoroughbred purses.

(ii) Two and four-tenths percent (2.4%) to the horsemen's association representing thoroughbred owners and trainers.

(iii) Six-tenths percent (0.6%) to the horsemen's association representing thoroughbred owners and breeders.

(B) Forty percent (40%) to the breed development fund established for thoroughbreds under IC 4-31-11-10.

(2) Forty-six percent (46%) for standardbred purposes as follows:

(A) Fifty percent (50%) for the following purposes:

(i) Ninety-six and five-tenths percent (96.5%) for standardbred purses.

(ii) Three and five-tenths percent (3.5%) to the horsemen's association representing standardbred owners and trainers.

(B) Fifty percent (50%) to the breed development fund established for standardbreds under IC 4-31-11-10.

(3) Eight percent (8%) for quarter horse purposes as follows:

(A) Seventy percent (70%) for the following purposes:

(i) Ninety-five percent (95%) for quarter horse purses.

(ii) Five percent (5%) to the horsemen's association representing quarter horse owners and trainers.

(B) Thirty percent (30%) to the breed development fund established for quarter horses under IC 4-31-11-10.

(e) Money distributed under subsection (b)(1) and (b)(2) shall be allocated as follows:

(1) Forty-six percent (46%) to the horsemen's association representing thoroughbred owners and trainers.

(2) Forty-six percent (46%) to the horsemen's association representing standardbred owners and trainers.

(3) Eight percent (8%) to the horsemen's association representing quarter horse owners and trainers.

(f) A horsemen's association receiving a distribution of money

1 **under this section shall annually file a report with the commission**
 2 **concerning the use of the money by the horsemen's association. The**
 3 **report must include information as required by the commission."**

4 Page 27, delete line 1.

5 Page 27, line 2, delete "(c)" and insert "(g)".

6 Page 27, line 4, delete "(d)" and insert "(h)".

7 Page 27, line 16, delete "(e)" and insert "(i)".

8 Page 27, line 17, delete "Indiana health insurance fund established
 9 by IC 4-35-8-8." and insert **"state general fund."**

10 Page 27, between lines 17 and 18, begin a new paragraph and insert:

11 **"Sec. 13. The commission may not prohibit a licensee from**
 12 **allowing pari-mutuel wagering at the facility at which gambling**
 13 **games are conducted under this article."**

14 Page 27, delete lines 19 through 22, begin a new paragraph and
 15 insert:

16 **"Sec. 1. (a) A graduated slot machine wagering tax is imposed**
 17 **as follows on the adjusted gross receipts received from wagering on**
 18 **gambling games authorized by this article:**

19 (1) **Twenty-five percent (25%) of the first one hundred million**
 20 **dollars (\$100,000,000) of adjusted gross receipts received**
 21 **during the period beginning July 1 of each year and ending**
 22 **June 30 of the following year.**

23 (2) **Thirty percent (30%) of the adjusted gross receipts in**
 24 **excess of one hundred million dollars (\$100,000,000) but not**
 25 **exceeding two hundred million dollars (\$200,000,000) received**
 26 **during the period beginning July 1 of each year and ending**
 27 **June 30 of the following year.**

28 (3) **Thirty-five percent (35%) of the adjusted gross receipts in**
 29 **excess of two hundred million dollars (\$200,000,000) received**
 30 **during the period beginning July 1 of each year and ending**
 31 **June 30 of the following year."**

32 Page 28, line 25, delete "as follows:" and insert **"to the state**
 33 **general fund."**

34 Page 28, delete lines 26 through 42, begin a new paragraph and
 35 insert:

36 **"Chapter 8.5. County Slot Machine Wagering Fee**

37 **Sec. 1. (a) Before the fifteenth day of each month, a licensee that**
 38 **offers slot machine wagering under this article shall pay to the**

1 commission a county slot machine wagering fee equal to two
 2 percent (2%) of the adjusted gross receipts received from slot
 3 machine wagering during the previous month at the licensee's
 4 racetrack. However, a licensee is not required to pay more than
 5 five million dollars (\$5,000,000) of county slot machine wagering
 6 fees under this section in any state fiscal year.

7 (b) The commission shall deposit the county slot machine
 8 wagering fee received by the commission into a separate account
 9 within the state general fund.

10 Sec. 2. Before the fifteenth day of each month, the treasurer of
 11 state shall distribute any county slot machine wagering fees
 12 received from a licensee during the previous month to the county
 13 auditor of the county in which the licensee's racetrack is located.

14 Sec. 3. The auditor of each county receiving a distribution of
 15 county slot machine wagering fees under section 2 of this chapter
 16 shall distribute the county slot machine wagering fees as follows:

17 (1) To each city located in the county according to the ratio
 18 the city's population bears to the total population of the
 19 county.

20 (2) To each town located in the county according to the ratio
 21 the town's population bears to the total population of the
 22 county.

23 (3) After the distributions required by subdivisions (1) and (2)
 24 are made, the remainder shall be retained by the county.

25 Sec. 4. (a) As used in this section, "political subdivision" means
 26 a county, city, or town.

27 (b) Money paid to a political subdivision under this chapter:

28 (1) must be paid to the fiscal officer of the political subdivision
 29 and must be deposited in the political subdivision's general
 30 fund;

31 (2) may not be used to reduce the political subdivision's
 32 maximum levy under IC 6-1.1 but may be used at the
 33 discretion of the political subdivision to reduce the property
 34 tax levy of the political subdivision for a particular year;

35 (3) may be used for any purpose specified in this chapter or
 36 for any other legal or corporate purpose of the political
 37 subdivision, including the pledge of money to bonds, leases, or
 38 other obligations under IC 5-1-14-4; and

(4) is considered miscellaneous revenue.

Chapter 8.7. Gaming Integrity Fee

Sec. 1. As used in this chapter, "fund" means the gaming integrity fund established by section 3 of this chapter.

Sec. 2. A licensee that offers slot machine wagering under this article shall annually pay to the commission a gaming integrity fee equal to five hundred thousand dollars (\$500,000) for each racetrack at which the licensee offers slot machine wagering. The commission shall deposit gaming integrity fees in the fund.

Sec. 3. (a) The gaming integrity fund is established.

(b) The fund shall be administered by the commission.

(c) The fund consists of gaming integrity fees deposited in the fund under this chapter.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(f) Money in the fund may be used by the commission only for the following purposes:

(1) To pay the cost of analyzing equine specimens under IC 4-31-12-6(b).

(2) To pay dues to the Drug Testing Standards and Practices (DTSP) Committee of the Association of Racing Commissioners International.

(3) To provide grants for research for the advancement of equine drug testing. Grants under this subdivision must be approved by the Drug Testing Standards and Practices (DTSP) Committee of the Association of Racing Commissioners International or by the Racing Mediation and Testing Consortium.

Chapter 8.9. Supplemental Fees

Sec. 1. This chapter applies only to state fiscal years beginning after June 30, 2007, and ending before July 1, 2012.

Sec. 2. (a) Before the fifteenth day of each month, a licensee that offers slot machine wagering under this article shall pay to the commission a supplemental fee equal to one percent (1%) of the adjusted gross receipts received by the licensee from slot machine

1 wagering.

2 (b) The commission shall deposit the supplemental fees into a
3 separate account within the state general fund.

4 Sec. 3. Before the fifteenth day of each month, the treasurer of
5 state shall distribute supplemental fees received under this chapter
6 during the previous month in equal shares to the licensed owners
7 or operating agent of each riverboat that first opens for business
8 under IC 4-33 after June 30, 2006."

9 Delete page 29.

10 Page 30, delete lines 1 through 8.

11 Page 34, line 17, delete "a permit" and insert "**the commission**".

12 Page 34, line 18, delete "holder".

13 Page 34, line 18, delete "of expending at least:" and insert "**for**
14 **permit holders concerning contracts for goods and services with**
15 **minority business enterprises and women's business enterprises.**
16 **The goals under this subsection must as nearly as possible be equal**
17 **to goals set by the commission under IC 4-33-14-5 for contracts**
18 **awarded for goods or services."**

19 Page 34, delete lines 19 through 24.

20 Page 35, between lines 21 and 22, begin a new paragraph and insert:

21 "SECTION 23. IC 5-28-28 IS ADDED TO THE INDIANA CODE
22 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
23 UPON PASSAGE]:

24 **Chapter 28. Indiana Life Sciences Fund**

25 Sec. 1. As used in this chapter, "applicant" means a
26 postsecondary research institution that submits an application for
27 a grant from the fund.

28 Sec. 2. As used in this chapter, "fund" refers to the Indiana life
29 sciences fund established by section 6 of this chapter.

30 Sec. 3. As used in this chapter, "life sciences" refers to research
31 in bioscience, biotechnology, biomedicine, medical device
32 technology, pharmaceuticals, biomedical engineering,
33 bioenergetics, health care engineering, nanotechnology within the
34 life sciences field, agri-sciences, and other related health disciplines
35 and disciplines considered life sciences.

36 Sec. 4. As used in this chapter, "postsecondary research
37 institution" means a public or private college or university in
38 Indiana that offers life sciences graduate programs or life sciences

1 research programs.

2 Sec. 5. As used in this chapter, "world class scientist" means a
3 principal investigator or researcher who:

- 4 (1) holds an academic appointment;
- 5 (2) has a significant research portfolio and a record of
6 attracting external research support; and
- 7 (3) meets any other criteria established by the board.

8 Sec. 6. (a) The Indiana life sciences fund is established within the
9 state treasury to provide grants to postsecondary research
10 institutions to support the recruitment and retention of world class
11 scientists in Indiana for the following purposes:

12 (1) To strengthen Indiana's economy by focusing investment
13 in life sciences economic clusters that foster high skill, high
14 wage jobs.

15 (2) To target state investment in university based research
16 and development through various means, including:

17 (A) matching funds for federal or private research grants
18 or gifts;

19 (B) support for endowed research faculty chairs at
20 postsecondary research institutions; and

21 (C) investment in research facilities, laboratories, and
22 specialized equipment that is conducive to the conducting
23 of the highest quality of scholarship and research in life
24 sciences.

25 (3) To stimulate the transfer of research and technology into
26 marketable products.

27 (4) To enter into a collaborative arrangement with the private
28 sector or another public or private educational institution.

29 (5) To encourage an environment of innovation and
30 cooperation among Indiana public or private educational
31 institutions, state agencies, and private businesses to promote
32 life sciences research and development activity.

33 (b) The fund consists of the following:

34 (1) Distributions to the fund under IC 4-35-5-3.

35 (2) Appropriations from the general assembly.

36 (3) Grants and gifts intended for deposit in the fund.

37 (4) Interest or other earnings on the fund.

38 (c) The corporation shall administer the fund. Subject to

1 appropriation by the general assembly, money in the fund may be
 2 used to provide grants to postsecondary research institutions to
 3 support the recruitment, retention, and ongoing financial support
 4 of world class scientists.

5 (d) The treasurer of state shall invest the money in the fund not
 6 currently needed to meet the obligations of the fund in the same
 7 manner as other public money may be invested.

8 (e) The fund is considered a trust fund for purposes of
 9 IC 4-9.1-1-7. Money may not be transferred, assigned, or otherwise
 10 removed from the fund by the state board of finance, the budget
 11 agency, or any other state agency.

12 (f) Money remaining in the fund at the end of a state fiscal year
 13 does not revert to the state general fund.

14 (g) All expenditures from the fund are subject to appropriation
 15 by the general assembly.

16 Sec. 7. (a) A postsecondary research institution may apply for
 17 one (1) or more grants from the fund.

18 (b) An application requesting a grant from the fund must be
 19 targeted to one (1) or more of the purposes listed in section 6 of this
 20 chapter.

21 (c) A successful applicant for a grant from the fund must meet
 22 the requirements of this section, be awarded a grant by the board,
 23 and be approved by the budget agency under section 8 of this
 24 chapter. An application for a grant from the fund must be made on
 25 an application form prescribed by the board. An applicant shall
 26 provide all information that the board finds necessary to make the
 27 determinations required by this chapter.

28 (d) All applications for a grant from the fund must include the
 29 following:

30 (1) A fully elaborated technical research plan that is
 31 appropriate for review by outside experts as provided in this
 32 chapter.

33 (2) A detailed financial analysis that includes the commitment
 34 of resources by any other entities that will be involved in the
 35 research project.

36 (3) A statement of the scientific and commercial potential of
 37 the research project.

38 (4) A statement of the manner in which support from the fund

1 will lead to significantly increased funding from federal or
 2 private sources or from private sector research partners.

3 (5) The profile and obligations of the world class scientist that
 4 the applicant is seeking to recruit or retain.

5 (6) Any other information that the board considers
 6 appropriate.

7 (e) An applicant for a grant from the fund may request that
 8 certain information that is submitted by the applicant be kept
 9 confidential. The board shall make a determination of
 10 confidentiality as soon as is practicable. If the board determines
 11 that the information should not be kept confidential, the applicant
 12 may withdraw the application, and the board must return the
 13 information before making it part of any public record.

14 Sec. 8. (a) The board has the following powers:

15 (1) To accept and analyze applications under this chapter.

16 (2) To award grants to applicants, subject to review by the
 17 budget committee and approval by the budget agency.

18 (3) Subject to appropriation by the general assembly, to
 19 contract with experts for advice and counsel.

20 (4) Subject to appropriation by the general assembly, to
 21 employ staff to assist in carrying out this chapter, including
 22 providing assistance to applicants who wish to apply for a
 23 grant from the fund, analyzing proposals, working with
 24 experts engaged by the board, and preparing reports and
 25 recommendations for the board.

26 (b) The board shall consider the following factors in making
 27 determinations concerning the award of a grant under this
 28 chapter:

29 (1) The scientific merit of the proposed research.

30 (2) The predicted future success of governmental or private
 31 funding for the proposed research.

32 (3) The ability of the world class scientist identified in the
 33 proposal to generate matching funds and funds for additional
 34 research.

35 (4) The extent to which the proposal evidences collaboration
 36 among two (2) or more postsecondary research institutions,
 37 as well as cost sharing and partnership support from the
 38 private sector.

1 **(5) The extent to which the proposal will affect the state's**
 2 **ability to attract external financial support, create jobs,**
 3 **attract and retain businesses, or expand technology transfer**
 4 **opportunities in life sciences.**

5 **(6) The recommendations from the peer review panel that**
 6 **reviews the proposal. The peer review panel shall be chosen**
 7 **by and report to the board. In determining the composition**
 8 **and duties of a peer review panel, the board shall consider the**
 9 **National Institutes of Health and the National Science**
 10 **Foundation peer review processes as models. The members of**
 11 **the panel must have extensive experience in federal research**
 12 **funding. A panel member may not have a relationship with**
 13 **any private entity or academic institution in Indiana that**
 14 **would constitute a conflict of interest for the panel member.**
 15 **A grant from the fund may not be approved by the board**
 16 **unless the grant proposal has received a positive**
 17 **recommendation from a peer review panel described in this**
 18 **subdivision.**

19 **(c) The board shall make final funding determinations, subject**
 20 **to review by the budget committee and approval by the budget**
 21 **agency, for applications for grants from the fund in a timely**
 22 **manner that is responsive to recruiting world class scientists.**

23 **(d) As a condition of accepting a grant under this chapter, an**
 24 **applicant shall enter into a memorandum of understanding with**
 25 **the board and the budget agency regarding the expenditure of**
 26 **grant funds.**

27 **(e) The board shall annually report to the legislative council, in**
 28 **an electronic format under IC 5-14-6, information concerning the**
 29 **amounts, recipients, and subject matters of grants awarded by the**
 30 **board under this chapter.**

31 **Sec. 9. A grant awarded under this chapter may not be used to**
 32 **conduct embryonic stem cell research.**

33 SECTION 24. IC 6-3-1-3.5, AS AMENDED BY P.L.184-2006,
 34 SECTION 3, AND AS AMENDED BY P.L.162-2006, SECTION 24,
 35 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
 36 [EFFECTIVE JANUARY 1, 2008]: Sec. 3.5. When used in this article,
 37 the term "adjusted gross income" shall mean the following:

38 (a) In the case of all individuals, "adjusted gross income" (as

defined in Section 62 of the Internal Revenue Code), modified as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).

(4) Subtract one thousand dollars (\$1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) *for taxable years beginning after December 31, 2004*, one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code ~~for taxable years beginning after December 31, 1996~~ *(as effective January 1, 2004)*; and

(B) five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or

- 1 measured by income; or
- 2 (B) two thousand dollars (\$2,000).
- 3 (7) Add an amount equal to the total capital gain portion of a
- 4 lump sum distribution (as defined in Section 402(e)(4)(D) of the
- 5 Internal Revenue Code) if the lump sum distribution is received
- 6 by the individual during the taxable year and if the capital gain
- 7 portion of the distribution is taxed in the manner provided in
- 8 Section 402 of the Internal Revenue Code.
- 9 (8) Subtract any amounts included in federal adjusted gross
- 10 income under Section 111 of the Internal Revenue Code as a
- 11 recovery of items previously deducted as an itemized deduction
- 12 from adjusted gross income.
- 13 (9) Subtract any amounts included in federal adjusted gross
- 14 income under the Internal Revenue Code which amounts were
- 15 received by the individual as supplemental railroad retirement
- 16 annuities under 45 U.S.C. 231 and which are not deductible under
- 17 subdivision (1).
- 18 (10) Add an amount equal to the deduction allowed under Section
- 19 221 of the Internal Revenue Code for married couples filing joint
- 20 returns if the taxable year began before January 1, 1987.
- 21 (11) Add an amount equal to the interest excluded from federal
- 22 gross income by the individual for the taxable year under Section
- 23 128 of the Internal Revenue Code if the taxable year began before
- 24 January 1, 1985.
- 25 (12) Subtract an amount equal to the amount of federal Social
- 26 Security and Railroad Retirement benefits included in a taxpayer's
- 27 federal gross income by Section 86 of the Internal Revenue Code.
- 28 (13) In the case of a nonresident taxpayer or a resident taxpayer
- 29 residing in Indiana for a period of less than the taxpayer's entire
- 30 taxable year, the total amount of the deductions allowed pursuant
- 31 to subdivisions (3), (4), (5), and (6) shall be reduced to an amount
- 32 which bears the same ratio to the total as the taxpayer's income
- 33 taxable in Indiana bears to the taxpayer's total income.
- 34 (14) In the case of an individual who is a recipient of assistance
- 35 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,
- 36 subtract an amount equal to that portion of the individual's
- 37 adjusted gross income with respect to which the individual is not
- 38 allowed under federal law to retain an amount to pay state and

- 1 local income taxes.
- 2 (15) In the case of an eligible individual, subtract the amount of
- 3 a Holocaust victim's settlement payment included in the
- 4 individual's federal adjusted gross income.
- 5 (16) For taxable years beginning after December 31, 1999,
- 6 subtract an amount equal to the portion of any premiums paid
- 7 during the taxable year by the taxpayer for a qualified long term
- 8 care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the
- 9 taxpayer's spouse, or both.
- 10 (17) Subtract an amount equal to the lesser of:
- 11 (A) for a taxable year:
- 12 (i) including any part of 2004, the amount determined under
- 13 subsection (f); and
- 14 (ii) beginning after December 31, 2004, two thousand five
- 15 hundred dollars (\$2,500); or
- 16 (B) the amount of property taxes that are paid during the
- 17 taxable year in Indiana by the individual on the individual's
- 18 principal place of residence.
- 19 (18) Subtract an amount equal to the amount of a September 11
- 20 terrorist attack settlement payment included in the individual's
- 21 federal adjusted gross income.
- 22 (19) Add or subtract the amount necessary to make the adjusted
- 23 gross income of any taxpayer that owns property for which bonus
- 24 depreciation was allowed in the current taxable year or in an
- 25 earlier taxable year equal to the amount of adjusted gross income
- 26 that would have been computed had an election not been made
- 27 under Section 168(k) of the Internal Revenue Code to apply bonus
- 28 depreciation to the property in the year that it was placed in
- 29 service.
- 30 (20) Add an amount equal to any deduction allowed under
- 31 Section 172 of the Internal Revenue Code.
- 32 (21) Add or subtract the amount necessary to make the adjusted
- 33 gross income of any taxpayer that placed Section 179 property (as
- 34 defined in Section 179 of the Internal Revenue Code) in service
- 35 in the current taxable year or in an earlier taxable year equal to
- 36 the amount of adjusted gross income that would have been
- 37 computed had an election for federal income tax purposes not
- 38 been made for the year in which the property was placed in

1 service to take deductions under Section 179 of the Internal
 2 Revenue Code in a total amount exceeding twenty-five thousand
 3 dollars (\$25,000).

4 (22) Add an amount equal to the amount that a taxpayer claimed
 5 as a deduction for domestic production activities for the taxable
 6 year under Section 199 of the Internal Revenue Code for federal
 7 income tax purposes.

8 (b) In the case of corporations, the same as "taxable income" (as
 9 defined in Section 63 of the Internal Revenue Code) adjusted as
 10 follows:

11 (1) Subtract income that is exempt from taxation under this article
 12 by the Constitution and statutes of the United States.

13 (2) Add an amount equal to any deduction or deductions allowed
 14 or allowable pursuant to Section 170 of the Internal Revenue
 15 Code.

16 (3) Add an amount equal to any deduction or deductions allowed
 17 or allowable pursuant to Section 63 of the Internal Revenue Code
 18 for taxes based on or measured by income and levied at the state
 19 level by any state of the United States. **For taxable years**
 20 **beginning after December 31, 2007, the riverboat wagering**
 21 **tax under IC 4-33-13 is not considered a tax based on or**
 22 **measured by income.**

23 (4) Subtract an amount equal to the amount included in the
 24 corporation's taxable income under Section 78 of the Internal
 25 Revenue Code.

26 (5) Add or subtract the amount necessary to make the adjusted
 27 gross income of any taxpayer that owns property for which bonus
 28 depreciation was allowed in the current taxable year or in an
 29 earlier taxable year equal to the amount of adjusted gross income
 30 that would have been computed had an election not been made
 31 under Section 168(k) of the Internal Revenue Code to apply bonus
 32 depreciation to the property in the year that it was placed in
 33 service.

34 (6) Add an amount equal to any deduction allowed under Section
 35 172 of the Internal Revenue Code.

36 (7) Add or subtract the amount necessary to make the adjusted
 37 gross income of any taxpayer that placed Section 179 property (as
 38 defined in Section 179 of the Internal Revenue Code) in service

in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Add to the extent required by IC 6-3-2-20 the amount of intangible expenses (as defined in IC 6-3-2-20) and any directly related intangible interest expenses (as defined in IC 6-3-2-20) for the taxable year that reduced the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) for federal income tax purposes.

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus

- 1 depreciation to the property in the year that it was placed in
- 2 service.
- 3 (6) Add an amount equal to any deduction allowed under Section
- 4 172 or Section 810 of the Internal Revenue Code.
- 5 (7) Add or subtract the amount necessary to make the adjusted
- 6 gross income of any taxpayer that placed Section 179 property (as
- 7 defined in Section 179 of the Internal Revenue Code) in service
- 8 in the current taxable year or in an earlier taxable year equal to
- 9 the amount of adjusted gross income that would have been
- 10 computed had an election for federal income tax purposes not
- 11 been made for the year in which the property was placed in
- 12 service to take deductions under Section 179 of the Internal
- 13 Revenue Code in a total amount exceeding twenty-five thousand
- 14 dollars (\$25,000).
- 15 (8) Add an amount equal to the amount that a taxpayer claimed as
- 16 a deduction for domestic production activities for the taxable year
- 17 under Section 199 of the Internal Revenue Code for federal
- 18 income tax purposes.
- 19 (d) In the case of insurance companies subject to tax under Section
- 20 831 of the Internal Revenue Code and organized under Indiana law, the
- 21 same as "taxable income" (as defined in Section 832 of the Internal
- 22 Revenue Code), adjusted as follows:
- 23 (1) Subtract income that is exempt from taxation under this article
- 24 by the Constitution and statutes of the United States.
- 25 (2) Add an amount equal to any deduction allowed or allowable
- 26 under Section 170 of the Internal Revenue Code.
- 27 (3) Add an amount equal to a deduction allowed or allowable
- 28 under Section 805 or Section 831(c) of the Internal Revenue Code
- 29 for taxes based on or measured by income and levied at the state
- 30 level by any state.
- 31 (4) Subtract an amount equal to the amount included in the
- 32 company's taxable income under Section 78 of the Internal
- 33 Revenue Code.
- 34 (5) Add or subtract the amount necessary to make the adjusted
- 35 gross income of any taxpayer that owns property for which bonus
- 36 depreciation was allowed in the current taxable year or in an
- 37 earlier taxable year equal to the amount of adjusted gross income
- 38 that would have been computed had an election not been made

- 1 under Section 168(k) of the Internal Revenue Code to apply bonus
- 2 depreciation to the property in the year that it was placed in
- 3 service.
- 4 (6) Add an amount equal to any deduction allowed under Section
- 5 172 of the Internal Revenue Code.
- 6 (7) Add or subtract the amount necessary to make the adjusted
- 7 gross income of any taxpayer that placed Section 179 property (as
- 8 defined in Section 179 of the Internal Revenue Code) in service
- 9 in the current taxable year or in an earlier taxable year equal to
- 10 the amount of adjusted gross income that would have been
- 11 computed had an election for federal income tax purposes not
- 12 been made for the year in which the property was placed in
- 13 service to take deductions under Section 179 of the Internal
- 14 Revenue Code in a total amount exceeding twenty-five thousand
- 15 dollars (\$25,000).
- 16 (8) Add an amount equal to the amount that a taxpayer claimed as
- 17 a deduction for domestic production activities for the taxable year
- 18 under Section 199 of the Internal Revenue Code for federal
- 19 income tax purposes.
- 20 (e) In the case of trusts and estates, "taxable income" (as defined for
- 21 trusts and estates in Section 641(b) of the Internal Revenue Code)
- 22 adjusted as follows:
 - 23 (1) Subtract income that is exempt from taxation under this article
 - 24 by the Constitution and statutes of the United States.
 - 25 (2) Subtract an amount equal to the amount of a September 11
 - 26 terrorist attack settlement payment included in the federal
 - 27 adjusted gross income of the estate of a victim of the September
 - 28 11 terrorist attack or a trust to the extent the trust benefits a victim
 - 29 of the September 11 terrorist attack.
 - 30 (3) Add or subtract the amount necessary to make the adjusted
 - 31 gross income of any taxpayer that owns property for which bonus
 - 32 depreciation was allowed in the current taxable year or in an
 - 33 earlier taxable year equal to the amount of adjusted gross income
 - 34 that would have been computed had an election not been made
 - 35 under Section 168(k) of the Internal Revenue Code to apply bonus
 - 36 depreciation to the property in the year that it was placed in
 - 37 service.
 - 38 (4) Add an amount equal to any deduction allowed under Section

- 1 172 of the Internal Revenue Code.
- 2 (5) Add or subtract the amount necessary to make the adjusted
- 3 gross income of any taxpayer that placed Section 179 property (as
- 4 defined in Section 179 of the Internal Revenue Code) in service
- 5 in the current taxable year or in an earlier taxable year equal to
- 6 the amount of adjusted gross income that would have been
- 7 computed had an election for federal income tax purposes not
- 8 been made for the year in which the property was placed in
- 9 service to take deductions under Section 179 of the Internal
- 10 Revenue Code in a total amount exceeding twenty-five thousand
- 11 dollars (\$25,000).
- 12 (6) Add an amount equal to the amount that a taxpayer claimed as
- 13 a deduction for domestic production activities for the taxable year
- 14 under Section 199 of the Internal Revenue Code for federal
- 15 income tax purposes.
- 16 (f) This subsection applies only to the extent that an individual paid
- 17 property taxes in 2004 that were imposed for the March 1, 2002,
- 18 assessment date or the January 15, 2003, assessment date. The
- 19 maximum amount of the deduction under subsection (a)(17) is equal
- 20 to the amount determined under STEP FIVE of the following formula:
- 21 STEP ONE: Determine the amount of property taxes that the
- 22 taxpayer paid after December 31, 2003, in the taxable year for
- 23 property taxes imposed for the March 1, 2002, assessment date
- 24 and the January 15, 2003, assessment date.
- 25 STEP TWO: Determine the amount of property taxes that the
- 26 taxpayer paid in the taxable year for the March 1, 2003,
- 27 assessment date and the January 15, 2004, assessment date.
- 28 STEP THREE: Determine the result of the STEP ONE amount
- 29 divided by the STEP TWO amount.
- 30 STEP FOUR: Multiply the STEP THREE amount by two
- 31 thousand five hundred dollars (\$2,500).
- 32 STEP FIVE: Determine the sum of the STEP FOUR amount and
- 33 two thousand five hundred dollars (\$2,500).".
- 34 Page 41, line 14, delete "not more than".

- 1 Page 41, line 14, after "months" delete "." and insert "**or for a**
- 2 **longer time as determined by the Indiana gaming commission.**".
- 3 Renumber all SECTIONS consecutively.
 (Reference is to HB 1835 as reprinted February 23, 2007.)

and when so amended that said bill do pass.

Committee Vote: Yeas 9, Nays 3.

Kenley

Chairperson